



**DEPARTMENT OF VETERANS AFFAIRS
NATIONAL ACQUISITION CENTER (049A1F1)
P.O. BOX 76
HINES, IL 60141**

November 1, 2002

RE: Public Law Price Updates and PPA Submission

Dear Federal Supply Schedule Manufacturer:

The following information is provided in order to assist your firm in updating its Pharmaceutical Pricing Agreement (PPA) – Addendum A and the Federal Supply Schedule (FSS) contract pricing for covered drugs. These revisions are mandated by Section 603 of Public Law 102-585, Veterans Health Care Act of 1992 (the Act).

You recently received instructions from Pharmacy Benefits Management Strategic Health Group (PBM) to assist in calculating the 2003 Federal Ceiling Price (FCP) for each covered drug awarded under your FSS contract. This is the first step in the process, and your annual report must be completed by November 15, 2002 and prior to updating your current FSS contract.

A request to update the Department of Veterans Affairs, Department of Defense, Public Health Service (including Indian Health Service) and the Coast Guard pricing must be submitted for consideration in the form of a request for modification **on or before Wednesday, December 11, 2002**. Requests for changes must be submitted by this date in order to allow time for approval and submission of changes to the agencies' authorized Prime Vendors for a January 1, 2003 effective date. Your firm will be required to honor the updated 2003 FCP calculations effective January 1, 2003, if these recalculations result in a lower price than currently awarded under the FSS contract.

To help your efforts and ours in ensuring timely approval and submission of changes to our Prime Vendors, attached please find a copy of the Request for Modification Form. It is requested that you provide any spreadsheet information on a diskette or e-mail the file to your Contracting Officer. Please be sure to use a font size of no smaller than 12 when submitting your information, as well as providing information in numeric order of your NDC numbers. **Note: Changes received after December 11, 2002 will most likely have an adjusted effective date of January 15, 2003 or later.** These changes must be based on the calculations submitted to (PBM and the established FCP. If your current FSS prices are below the calculated 2003 FCPs, no contract modification action is required.

Enclosed please find a copy of the Addendum A form for 2003 to be completed and returned to your Contracting Officer **as soon as possible but not later than December 11, 2002**. The Addendum A should reflect only the FCP for each covered drug line item, without the Industrial Funding Fee (IFF). The authorized official who signed your company's PPA (or an authorized successor) must complete and sign the new Addendum A to the PPA for 2003. Please note: **Our office must receive an original hard copy with signature.** (If additional space is needed, please provide an attachment using the same format as the Addendum A Form.)

If you have any questions or need additional information, please contact your Contracting Officer at (708) 786-5180. Thank you for your cooperation in providing your request(s) to modify your current FSS contracts and your updated Addendum A for the year 2003.

Sincerely,

Carole O'Brien
Assistant Director
Federal Supply Schedule Service – Pharmaceutical Team (049A1F1)

Enclosures: PPA 2003 Addendum Form
Request for Modification Form

**PHARMACEUTICAL PRICING AGREEMENT
ADDENDUM A
2003 ANNUAL**

PRODUCT BRAND NAME

NDC NUMBER

**FEDERAL CEILING
PRICE PER PACKAGE
UNIT (NDC)**

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.
- 14.
- 15.

**Please do not include IFF in the price provided. This should represent your calculated FCP price only.

Manufacturer and Contract Number:
V797P-
Name and Title of signator:
Signature and Date: